

CHAPTER 2

LITERATURE REVIEW

This chapter reviews literature on the definition of retailing, retailing concepts and studies on retail buying. It then outlines the development of food retailing in Malaysia from pre-independence and is followed by a literature review on mega-stores. The focus of this chapter is retail institutional change which will help understand the changes taking place in the Malaysian retail industry currently.

Retailing Defined

There are a number of definitions of retailing available. Sieh (1974) defined retailing simply as reselling, without processing, of goods for personal or household consumption. Zainal Abidin (1989) in his book, 'Retailing in Peninsular Malaysia', goes through the different definitions of retailing. He remarks that as retailing is such a familiar activity, there is some temptation to regard the subject as little more than pedantry. Here he refers to the early definition of

retailing by Cundiff and Still, that is, if the buyer in a transaction is an ultimate consumer, the seller in the same transaction is engaged in retailing (Cundiff and Still, 1964, p.76). This definition only points to the principal function of the retailer as a seller, that is, to act as the middlemen between the consumer and the producer or wholesaler, in the physical distribution of goods.

However, retailers do not just perform a single function but rather are engaged in a variety of functions in their endeavour to offer goods for sale to members of the public.

Retailing was later defined by Stanton (1975) as all activities directly related to the sale of goods or services to the ultimate consumer for personal non business use. Here, the definition implies the variety of roles involved in the selling process. The main functions of the retailer in the channel of distribution include buying, selling, storing, bulk breaking, risk sharing, offering of credit, personal services as well as the delivery of goods.

However, it was Larson and Weigand (1982) that specified the central function of a retailer, that is, the aggregation of assortments of goods to make them available, in small lots, for the consumer. They defined retailing as all activities in the sale of small quantities of goods or

services, at a profit, to the ultimate consumer for personal use.

Davies (1993), on the other hand, looks at the function of retailers as intermediaries in the distribution of consumer goods, as having two perspectives, that of the manufacturer: "the retailer's suppliers expect retailers to serve as their selling agent" and that of the end consumer, where the retailer is regarded as the: "purchasing agent of the shopper".

Thus, defining a retailing activity is broader than one assumes. It includes all establishments, fixed or otherwise, and all persons, full-time or not, engaged in the sale of goods or provision of services to private consumers. Any sale can be classified as a retail sale as long as the buyer of the product or service is the ultimate or final consumer, and the product is for non-business use.

However, for the purpose of providing a framework for analysis, the Retail Trade Survey conducted by the Department of Statistics (DOS) in 1980 gives a relatively restricted definition of retailing, that is, the resale (sale without transformation) of new and used goods to the general public, for personal or household consumption or utilization, by shops, departmental stores, stalls, mail-order houses, gasoline (petrol) filling stations, retail

motor vehicle dealers, consumer co-operatives, auction houses, etc (DOS, Malaysia, 1980 p.22)

Concepts of Retailing

Stern (1988) in his commentary on the history of marketing channels research, says that initial research in this area, conducted prior to 1960, were empirical studies focused on describing the functions of wholesalers, retailers, and facilitating agencies, such as common carriers and other firms involved in the distribution processes (Stern:1988). Subsequently, issues of power, conflict, and conflict management have been the central concepts to the understanding of interorganizational relations in marketing channels as well as the focus of numerous research papers for example in the French Paridoc system.

Rangan et. al.(1992) divided distribution channel literature into design and management subject areas. Williamson's (1985) channel design research, for example, examines the organization of the distribution channel system and the rationale for having intermediaries such as sales force, agents, distributors, wholesalers, and retailers. In contrast, channel management research examines how channel systems can be managed once they are in place. Most of this research pertains to how

manufacturers and distributors use their power base (Beier and Stern 1969; Gaski 1984) to influence the achievement of their business objectives (Frazier and Rody 1991). Concepts of conflict and cooperation are central to this line of research (Anderson and Narus 1990; Stern and Brown 1969).

Recently, however, there has been interest indicated in joint ventures or strategic alliances taking place when a new or potential entrant combine forces with another firm on the same level of distribution in order to rely on the latter's distribution expertise. Linkages, according to Stern (1988) may be forged with a variety of partners, both for supplies and for market access. The major advantage of such arrangements is to free the firm from making the large investments required by vertical integration. In the Malaysian scenario currently, we may also find that the above reasons can somewhat explain the entry of mega-stores into the retail industry.

The dominant concept in retailing is Malcolm P. McNair's (1958) "wheel of retailing" theory. It contends that retail institutions commence as cut-price, low-cost, narrow-margin operations which subsequently "trade up". Improvements in display, more prestigious premises, increased advertising and provision of credit, delivery and many other customer services all serve to drive up expenses, margins and prices. Eventually they mature as high-cost, conservative and "top-heavy" institutions with

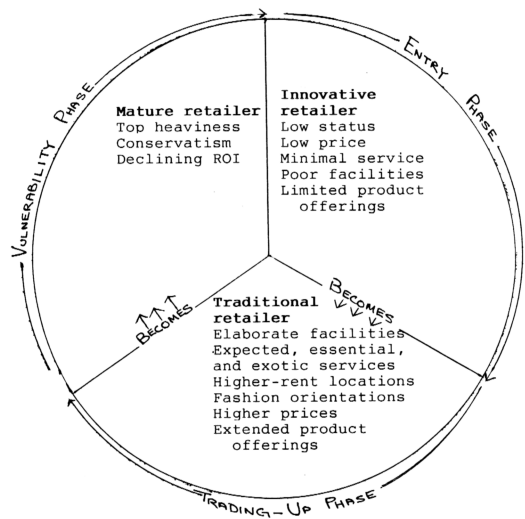
a sales policy based on quality goods and services rather than price appeal. This, in turn, opens the way for the next low-cost innovator; and so the wheel revolves (Figure 2.1).

The wheel of retailing theory describes a frequently observed phenomenon. Brown (1988) pointed out that a substantial number of retailing institutions in the United States and other developed countries do appear to have evolved in the manner described by the wheel.

It was Hollander's critique of the wheel of retailing that did much to popularise this concept. Hollander sought to clarify, first, the universality of the wheel pattern and, second, the forces which cause the trading-up process.

With regard to its universality, there is considerable evidence that many institutional forms (department stores, mail order houses, variety stores, supermarkets, discount houses and seemingly off-price shops and shopping centres) began by selling merchandise at below average prices, evolved into high-cost modes of distribution and thus created conditions conducive to new, low cost operations. By the same token, a number of retail innovations did not commence at the low margin level, for example, boutiques, convenience stores, planned shopping centres, automatic vending machines and super specialists.

FIGURE 2.1: THE WHEEL OF RETAILING



Source: Brown, Stephen (1988), "The Wheel of the Wheel of Retailing", International Journal of Retailing, Vol.3(1), p.17

Furthermore, the wheel pattern seem to be apparent in many economically advanced countries like the United Kingdom, Belgium and Germany but in developing nations like Spain, Turkey, Israel, Chile and Saudi Arabia, innovations tend to be introduced at the high end of the cost spectrum (Cundiff, 1965, Hollander, 1970). Sieh's (1979) study on the evolution of retailing in Malaysia, covering the period from the late 1950s to mid 1970s, concluded that the wheel of retailing was turning in the opposite direction. Innovative retailers adopted the strategy of high status cum high prices, rather than that of minimal service cum low prices. This phenomenon, according to Goldman (1974), may have been due to modernization efforts of the retailing systems being concentrated in the high income and middle-income areas.

The Malaysian retail industry in the 1990s has the presence of both shopping complexes and department stores that focus on ambience, convenience, service and premium priced products ,as well as, mega-stores, the new innovation retailers who seem to be adopting a strategy of minimum services cum low prices.

However, the contention against McNair's hypothesis is not its 'universality' but the 'causes of trading-up'. The two most frequently cited causes are, first, secular trends in the operational environment and, second, inter-outlet

competition to be the primary cause of the wheel pattern.

The secular view sees trading up as a natural and enlightened response to growing consumer affluence and increased demand for a wider range of quality goods and services (Hollander, 1960a; Bucklin, 1972; Markin and Duncan, 1981). The competition-orientated explanation, on the other hand, regards the process as defensive search for differential advantage; in other words an irreversible ratchet-like progression of cost and margin increases stemming from intra-institutional non-price competition (Dreesman, 1968; Bartels, 1981). However, neither hypothesis is completely satisfactory as there is empirical evidence of both mature institutions abandoning customer services and indulging in price wars (contrary to the competitive viewpoint) and severe price competition and the emergence of cut-price institutions in eras of relative affluence (counter to the secular explanation). Again we may be able to relate this experience to the emergence of mega-stores in the Klang Valley.

McNair's conceptual innovation soon gave rise to a variety of related and alternative explanations of institutional change. They can be divided into three major categories: cyclical, environmental and conflictual. Cyclical explanations (like the wheel of retailing) contend that change takes place in an oscillatory fashion and is characterised by the recurrence of earlier patterns. The

environmental view sees change as a function of developments in an institution's operational milieu, whereas the conflict-based perspective focuses attention on the inter-institutional strife that occurs when novel retail forms appear.

As important as they are, none of the foregoing conceptualisations provides a complete explanation of retail institutional change. Cyclical theories suffer from their determinism, preoccupation with pattern, lack of firm empirical support and the possibly unsubstantiated assumption of a long term institutional equilibrium (Bucklin, 1972; Hollander, 1981). Environmental theory ignores the human decision making element and sees change as an automatic response to trends in the retailing milieu. Conflict theories are equally incomplete as all change is considered to be the outcome of inter- and intra-institutional strife, there is no room for external environmental influences.

A second critique of the wheel theory or rather self-critique was put forward by Malcolm P. McNair and his co-author Elenor May (1976). In a comprehensive analysis of retail evolution in the United States, they concluded that it was too narrow an explanation of institutional change. Replacing the cyclical metaphor with an environmental-cum-conflictual perspective, they argued that retail innovations were partly an outcome of developments in the

economic, technological, social, consumer and marketing milieux but primarily a consequence of managerial ability to capitalise on environmental opportunities. If successful, moreover, innovations are imitated, proliferate and pose a challenge to existing retail forms, which respond in turn to the perceived threat.

Retail institutional change, Brown (1988) concluded, is the outcome of environmental influences and a cycle-like sequence of inter- and intra-institutional conflict.

As this study centers around the relationship between food retailers and their suppliers, research on **retail buying** is pertinent. Wagner et. al. (1989) identified two important buying decisions as the selection of products and the *selection of suppliers*. Increasing size of retail organization and the corresponding homogenization of merchandise assortment suggest that a more important retail buying decision is likely to be vendor selection (Feinberg 1988; Levy 1987; Mayer 1987; Moin 1986).

Successful retail buying depends on the ability to select vendors who meet the needs and wants of the firm and its customers. The vendor selection process has been studied extensively in industrial buying (e.g., Cardozo and Cagley 1971; Crow, Olshavsky, and Summers 1980; Dempsey 1978; Hakansson and Wootz 1975; Luffman 1974; Wind, Green, and Robinson 1968), but there has been little research on

vendor selection among retail buyers. This stems, in part from lack of a theory of retail buying from which to generate research hypotheses (Hirschman and Mazursky 1982)."

Sheth (1973) suggests that vendor selection is likely to be affected by a set of explicit and implicit criteria. In industrial buying research, explicit criteria such as quality, service, delivery and price have been found to dominate vendor selection (Crow, Olshavsky, and Summers 1980; Dempsey 1978; Luffman 1974; Wind, Green, and Robinson 1968). Implicit criteria such as reputation and location (Cardozo and Cagley 1971; Hakansson and Wootz 1975) have also been found to be important, but their relative importance is the subject of debate.

Vendor selection by industrial buyers has been the subject of extensive conceptual and empirical work. Research on this topic among retail buyers, however, has been limited to self-reports in which buyers are asked to list criteria that they use in choosing vendors (e.g., Francis and Brown 1985-86; Hirschman 1981; Hirschman and Mazursky 1982)

Hirschman (1981) compared vendor selection by department and chain-store buyers. Buyers reported using, in order of frequency: manufacturer's reputation, brand name, price, manufacturer's size, selling history, quality

of merchandise, innovativeness, and marketability. Department-store buyers were more likely to report using price and innovativeness. Chain-store buyers were more likely to cite quality, manufacturer's size, selling history, and merchandise marketability.

Hirschman and Mazursky (1982) compared the criteria that buyers from traditional chain, and discount department stores reported using in vendor selection. Few differences were found among department store types. Buyers reported using manufacturer's reputation, contribution to margin, delivery, product reputation and estimated customer demand.

Francis and Brown (1985/86) compared vendor selection by apparel and appliance buyers. Product quality was reported to be the most important criterion for both types of buyers. Among apparel buyers, delivery was next in importance. For appliance buyers, it was a steady source of supply. In general, apparel buyers reported more concern than appliance buyers with product fashionability.

Wagner et. al. (1989) used a conjoint approach to identify and then assess the relative importance of each vendor selection criterion across 4 merchandising divisions of a department store, that is, men's and children's ready-to-wear, women's ready-to-wear, accessories and the home products. The criteria identified were divided into three categories based on significance, that is, criteria that

were 'significant', criteria that received 'secondary consideration' and criteria that had 'few main effects'. Markup, delivery and selling history were the three 'significant' criterion in the vendor selection. Criteria that received secondary consideration were quality and fashionability. The last category consisted of reputation, country of origin and service.

The findings further showed that in comparing vendor selection strategies across merchandise divisions, differences were observed in the use of 2 criterion, that is, selling history and markup - both unique to retail buying. The effect of selling history on the vendor selection decision of the home division buyers was small compared to that of buyers in other divisions. Markup, on the other hand, had a larger effect on the decisions of the home division buyers.

Finally, we will look at a number of studies on the development of food retailing in Malaysi. This will give an idea on the evolution of this industry in the hope of drawing inferences with the discussion above.

Food Retailing Development in Malaysia

Zainal (1989) outlines retailing development in Malaysia from pre-independence. Many retailing institutions

in Peninsular Malaysia originated in the late 19th century after the arrival of the British. Prior to that, most of the population lived in rural areas and they were largely self-sufficient. After the British took control, European traders rapidly followed. Small new firms led the field. Their prime concern was to buy raw materials with merchandise viewed as inducement goods. Once the potentialities were clear, and the transportation of produce became feasible, both smaller and larger trading companies moved rapidly. The completion of the first railway line in Perak and the rapid development of the tin and rubber industries resulted in a massive influx of European trading firms.

The massive expansion of consumer demand and merchandise trade in the colonial period meant that permanent retail stores became a viable proposition in many urban areas. These new outlets, generally located around an urban marketplace, were often run by Chinese traders. A few indigenous entrepreneurs were also involved in the establishment of small retail shops, but mainly restricted to the rural areas.

One player in the retail industry that cannot be ignored is the agency/ trading houses. Many consumer products were imported through agency/ trading houses like Scott & English, Sime Darby, Boustead, Diethelm and Guthries who used local retailers and agents to distribute

their goods. The supremacy of these agency houses, which was first addressed by J. J. Puthucheary in his book, *Ownership and Control in the Malayan economy* (1960), described the activities of agency houses as "spread throughout the economy". They not only held a dominant position in the export trade as a result of owning and controlling the production of many of Malaya's exports but also had a share in the import trade. Besides, they held a number of shipping and insurance agencies, had a significant share in manufacture and tin-mining and were also associated with very large European-owned banks in Malaya.

By the late 1950s, a new trend of larger department stores had been initiated. European-style retail outlets had been established in larger urban centres such as Kuala Lumpur, Penang, Ipoh and Johor Bahru. The existence of a considerable European population and an increasingly sophisticated local elite, well acquainted with retailing standards in Europe and Northern America, made such ventures highly successful.

Osman Md. Zain and Ismail Rejab's (1989) succinct account of the **food retailing development** in Malaysia explained that food retailing in Malaysia evolved along with the economic and political development of the country, in line with a shift to suburban living and corresponding lifestyles. The earliest form of food retailing in Malaysia

was the "wet market". It is the traditional market centre comprising small family-run stalls brought together in one building. It sells an assortment of fresh produce, including fish and other seafood, and vegetables. A limited assortment of dry goods is available here although fresh produce has traditionally been its main product line.

The period before independence (1957) saw a string of corporate chain stores throughout selected Malaysian towns, operated by a Singapore-based company. These stores were some what different from other locally established retail stores in that they were fully air-conditioned, and offered for sale only those canned goods mostly bought by a select group of British planters, soldiers, administrators and the local English-educated elite. These stores were actually replicas of modern supermarkets, at least in terms of the product lines they carried and the manner in which the products were put on display. When these select groups of British shoppers left Malaysia, these stores could not survive and lost out to conventional retail stores.

Sieh's (1974) study on the structure of retail trade in Peninsular Malaysia, based on the 1966 and 1968 census on distributive trade, described this subsector as "generally competitive, being characterised by a large number of small establishments". Her findings showed that the typical Malaysian retail store can be described as small, using either sales volume or employment as the standard.

Establishments retailing foodstuffs vastly outnumbered all other retailers handling non food items whether in terms of number of outlets (where food accounted for 78% of stores), retail sales volume (approx. 63% of transactions); retail employment (approx. 73% of workers).

The central region (Federal Territory, Selangor, Melaka and Negeri Sembilan) was the leading region in terms of sales per store, sales per capita population and sales per retail worker. It also had the biggest number of medium and large-sized outlets and nearly 93% of all 1968 outlets were proprietorships, 6% were partnerships and the balance of 1% were other forms of ownership, principally comprising private limited companies.

In 1974, market share of individual proprietorships by number of establishments was 91.14%, followed by partnerships with 7.29%. In 1980, individual proprietorship still remained the largest in regard to the number of establishments, though it lost part of its share to private limited establishments. The trend of persons engaged remained the same with individual proprietorship losing part of its share to private limiteds.

In a study on small retail business by Seres Sdn Bhd (1985), it was shown that there was a qualitative difference in the distribution of goods to large and small retail outlets. Figure 2.2 shows that the basic difference

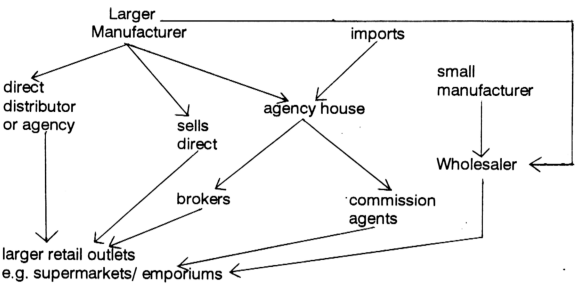
between the two are the use of services of commission agents and brokers in the larger retail units. In the case of the smaller retail outlets, van salesmen and rack jobbers or agents of smaller manufacturers have become more frequent (especially for cigarettes sales).

At the time of Osman's and Ismail's (1989) study, the conventional retail stores were selling, among other things, canned and packaged foods in their assortments. These stores developed at about the same pace as planned housing estates and were run like a conventional supermarket except for their small size. Consequently, some of the conventional retail stores have taken the supermarket form, and are known as "minimarkets", occupying an average floor space of about 1,800 square feet. However, these stores remain as family-run units or sole proprietorships. The night bazaar was yet another form of outlet for food retailing in Malaysia. It is an arrangement whereby independent retailers sell their goods from place to place as scheduled weekly.

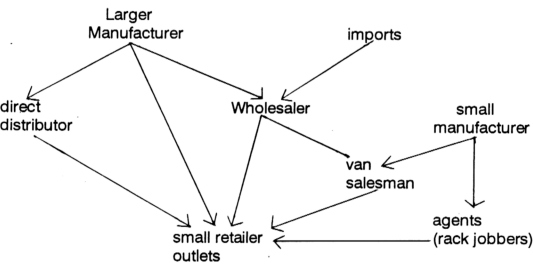
Zainal (1989) in his study, commented that the supermarket industry in Malaysia is relatively young and therefore still relatively underdeveloped in terms of retailing technology. Most of the supermarket businesses were financed with substantial foreign capital, which was confined mainly to the Klang Valley.

FIGURE 2.2: WHOLESALE – RETAIL DISTRIBUTION SYSTEM

Wholesale–Retail Distribution to Larger Retailers



Wholesale – Retail Distribution to Smaller Retailer



Source: *Small Retail Business: An Analysis of Issues and Trends in the Urban Areas of Peninsular Malaysia*, Seres Sdn. Bhd., May 1985 (p.36)

The stages of supermarket development in Malaysia show that it started with department stores, followed by shopping complexes and later, superstores. Emporium Holdings made a great impact when it pioneered the one-stop shop at Emporium Selangor in Jalan Tuanku Abdul Rahman in 1967. Department stores then became the trend. The next supermarket development came in the late Seventies when large shopping complexes, first Ampang Park and later Sungei Wang Plaza, were set up. To attract the crowds, large supermarkets were made the anchor tenants. However, layout the range of perishable products, display and freezing and packaging techniques hardly progressed before the Eighties. The stimulus for change and innovation only came in 1984 when foreign stores established a strong presence, notably the debut of Kimisawa and Printemps. Both of these establishments closed operations a few years later.

In the 1990s, huge shopping complexes like Yao Han The Mall, Lot 10, Subang Parade, Sogo followed by mega-stores i.e. MAKRO, CARREFOUR and Giant have made an appearance. MAKRO and the CARREFOUR are the two foreign mega-stores that are the focus of this study.

Makro Cash & Carry Distribution (M) Sdn Bhd

Makro Malaysia, as it is also known, is 51% owned by Makro Holding NV of the Netherlands, 29% by Selangor State

Development Corporation (PKNS) and remaining by PKNS-INCHCAPE, a joint-venture between PKNS and Inchcape Group.

Makro's warehouse style distribution concept is based on assessing the needs of traders and offering goods in large quantities. The Makro Trade Card is only issued only to those applying to register with Makro and they are requested to produce it when visiting Makro Centres. Makro generally caters for professionals and small retailers, who can go in and buy in bulk or semi-bulk.

Makro has thus far invested RM33 million for their Shah Alam warehouse (opened in December 1993), RM43 million and RM31 million for their Selayang (November 1994) and Johor Bahru (December 1994) outlets, respectively. It was also reported that at the end of 1994, Makro had 152,000 cardholders, that is, 80,000 for its Shah Alam outlet, 40,000 for its Selayang outlet and the remainder 32,000 for its JB outlet. (NST, 4/11/94).

The total turnover for the 3 outlets was expected to grow to about RM550 million next year compared to the RM210 million forecast for this year. The pre-tax profit was expected to be about RM2 million in 1994. (NST, 9/12/94)

Total sales area for each of the Makro outlets are about 10,000 sq. metres with about 24 checkout counters per outlet and the number of parking bays ranging from 650 to

1,000. They also open for long hours usually from 7.00 am to 9.00 pm daily. Stocks in Makro warehouses are worth between RM12-15 million. More than 20,000 articles are on sale comprising an assortment of perishable and non-perishable foodstuffs, household products, electrical items, clothing, toys, office equipment, office automation and even furniture. Only cash is accepted. (NST-SUPP 2, 10/11/94)

Makro's strategy is to stock its warehouse stores with a broad selection of consumer products at the lowest possible prices (AWSJ, 29/12/94). They claim that their good sales experience is attributed to the competitive prices offered, which is 20% lower than the retail prices. (NST, 4/11/94)

MAKRO has been very successful in Asia with a total of 23 stores and more are scheduled to open in the next two years in Thailand, Malaysia, Indonesia, South Korea and China.

Carrefour

CARREFOUR, a French hypermarket opened its first outlet next to Parksons Subang Parade in Subang Jaya, September 1994, that is, a year after Makro's 1st outlet was opened. Carrefour (which means crossroads in french) first made its mark on French retailing in 1963. The Carrefour group has been responsible for introducing several innovative

concepts to the French retail sector - most notably the hypermarket and "no-name" products.

It has about 200 stores in 9 countries namely France, Argentina, Brazil, Italy, Portugal, Spain, Turkey, Taiwan and Malaysia. Malaysia is Carrefour's second Asian market and the first in Southeast Asia.

Carrefour store in Malaysia has 41 checkout counters, shelves for 20,000 items and a total sales area of 9,000 sq. metres. It too offers 1,000 free parking bays.

As it is still new in Malaysia, data on its sales performance etc. is unavailable.

International Retailing

As we are also looking at the entry of foreign mega-stores into the Malaysian retail industry, it is pertinent to understand their global expansion and the retailing concepts they employ to win customers from traditional retailers.

Blumberg (1994) says that the global opportunity for retailers are real for a number of reasons. Firstly, the world market has tremendous potential for growth in population and per capita spending. Secondly, technology

makes global expansion a viable opportunity. Technology has shrunk the world, and the speed of communication and transportation reduces or eliminates some of the long-standing obstacles to international retailing. Thirdly, conditions around the world make the present an ideal time to expand globally. Governments are more willing to facilitate trade. Manto (1994), says that, the Malaysian government views retailing as an important component in promoting tourism. Hence, much of Malaysia's retail expansion has been fueled by the Japanese department stores, Jaya, Yaohan, and Isetan.

Manto's article further adds that discount stores are rare throughout Asia, which may stem from the belief that discounting represents cheap goods at cheap prices, rather than quality goods at bargain prices. However, this belief is losing ground as consumers realize the existence of convenience, quality and overall value.

Treadgold (1988) identifies four levels of international retailers based on their geographical scale of presence. '*Concentrated Internationalisation*' are retailers who are typically referred to as "border hoppers" as they venture into adjacent countries. Here the retailer's desire is to trade in an environment considered to be substantially similar (and therefore familiar) to the conditions prevailing in his domestic market place.

'Dispersed Internationalisation' is occupied by retailers who have developed a presence in a number of markets geographically remote and culturally diverse from their domestic market place. In some cases these interests have arisen out of historical associations between countries, particularly former colonies. This scale of internationalisation is perhaps the most transitory and is occupied by retailers in the early stages of developing a more extensive portfolio of interests overseas.

In this respect, the next scale of international activity is that of the 'Multinational' retailer who has developed a presence in a large number of overseas markets. These markets will necessarily be highly diverse and geographically remote from the domestic arena.

Geographically, the most ambitious scale of internationalisation is occupied by retailers which have succeeded in developing a truly 'Global' presence yet who often have ambitions to trade in still more countries (Benetton, for example, traded in approximately 40 countries on all five continents in 1986 yet its management felt that two thirds of the company's potential market was not being exploited!).

Wileman (1993) believes that the growth, profit and excitement in retailing in the 1990s will come from two broad areas: proximity retailing and destination retailing.

Proximity retailing is all about being where the consumer is - at work, on the move, near the home, or at home. Destination retailing is based on drawing the consumer to your store.

He adds that in less developed economies and retail markets, most retailing is proximity-based. "Location, location, location" is critical - being very close to where consumers live or work, and finding sites with maximum passing traffic and visibility. The store is its own advertisement; little media advertising needs to be done.

As economies and markets mature, destination retailing grows and provides the principal type of retail opportunity. Consumers become mobile, own cars, and are pressed for time; women work outside the home. Location matters, but in terms of drive-time catchment area. The retail brand invests in media advertising to draw in the consumer.

Wileman, explains further, that a polarization of consumer behaviour and retail offers will occur: at one end, proximity purchases, made frequently, for which the consumer will not travel out of his or her way - including the growing top-up/impulse/snacking grocery categories; and, at the other end, destination formats targeted at high transaction value purchases, made infrequently, for which

the consumer will travel some distance.

Destination retailers seem to be winning, according to Wileman, because they understand more clearly than traditional competitors, what the consumer wants from a retailer. They want high value product, reliably available. They do not want to waste their (increasingly valuable) leisure time. They generally want down-to-earth effective ways of buying product, not palaces of consumer (or, more often, retailer) aspiration.

Destination retailing can sound like discount retailing - and it often is, given the economic trade-offs described above. Destination retailing generally equates with out-of-town or edge-of-town, but not necessarily. Generally, it does because the cheaper space, larger environments and parking capacity of edge/out-of-town sites tend to support destination store economics.

Studies on retail buying and the impact of mega-stores are a few and have been approached separately. This is the first study that looks at retail buying and tries to assess the impact of mega-stores on the supplier selection criteria.